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Coles scraps printed catalogue as customers shift online

Sue Mitchell *Senior reporter*



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Shares in marketing company IVE Group plunged 22 per cent after one of its biggest customers, Coles, unveiled plans to scrap its weekly printed specials catalogue in favour of digital catalogues.

Coles is revamping the coles.com website to include a new section, dubbed coles&co, which will publish a digital catalogue with shoppable specials and exclusive content, including daily recipes, which incorporate the week's best deals, new products and shopping tips.





No Junk Mail stickers may soon become a thing of the past as Coles scraps its weekly printed catalogue. **Luis Ascui**

Coles chief marketing officer Lisa Ronson said that over time the content would become more personalised to take into account customer shopping preferences.

"The printed catalogue is very much a one-size-fits-all approach for all Australians," Ms Ronson told *The Australian Financial Review*.

"Over time ... we'll deliver content as personalised as we can or what you want – it will depend on how much information you'd like to give us and whether you're a FlyBuys member.

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"We have really big aspirations and we'll build it based on our customers' preferences – we can test and learn and optimise on the go."

The holy grail of communicating with customers is right message, right customer at the right time and we feel we can really do that through our digital platforms.

— Lisa Ronson, Coles chief marketing officer

The digital catalogue could further accelerate the shift to online shopping, which has been growing about 30 per cent a year and has soared during the pandemic, forcing Coles and Woolworths to increase online fulfilment capacity.

The digital catalogue enables customers to tap or click on products on the screen, add them to their virtual shopping basket, then check out via Coles' e-commerce site or save it as a shopping list to take into stores.

"We know customers have been looking to [move] online for some years and COVID has accelerated that move to digital," Ms Ronson said.

"The holy grail of communicating with customers is right message, right customer at the right time and we feel we can really do that through our digital platforms," she said.

As part of the shift to digital catalogues, Coles will no longer deliver printed catalogues to letterboxes from September 9, a move estimated to save 10,000 tonnes of paper a year.

Coles and its partner IVE Group print about 7 million catalogues a week, most of which go to customers' homes. Older customers who prefer a printed catalogue will still be able to pick them up in stores.

"We found from our research customers were increasingly going online and readership of the catalogue was declining," Ms Ronson said.

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As part of its digital transformation, Coles is also looking at shifting promotional planning with suppliers, which is currently done using Excel spreadsheets, to an online platform.

Body blow to IVE

IVE said the loss of the bulk of the Coles contract – Coles will continue to print its monthly store magazine and some catalogues for use in store – would cost it between \$35 million and \$40 million in annual revenue.

IVE, which has annual revenue of about \$725 million, said it would evaluate the full impact, including on potential goodwill impairments, and update investors at its annual results on August 25. IVE shares fell 22 per cent to 62.5¢ on Tuesday.

"The group remains committed to supporting the continued strength of the printed catalogue as an important component of an integrated communications mix to a diverse national consumer base," chairman Geoff Selig said.

If Woolworths follows Coles' lead and scraps its printed catalogues, No Junk Mail stickers could eventually become a thing of the past.

However, Woolworths said it was sticking with printed catalogues for the time being. It recently shrank its standard catalogue from 40 to 28 pages.

Recent research by Roy Morgan for Woolworths found 44 per cent of its customers had read the printed catalogue in the previous month.

"We'll continue to offer our printed catalogue alongside our digital version for the foreseeable future, so our customers can discover specials in the way that works best for them," a Woolworths spokesman said.

"As more of our customers turn to our website and app to shop, we're featuring more specials in the digital catalogue than our print version and putting a bigger focus on meal planning and recipe ideas," he said.

Woolworths' digital catalogue, which also enables consumers to click on specials and add them to their virtual shopping basket, has seen a 70 per cent increase in engagement since March as more consumers search and shop online.

Catalogue industry hits back

Kellie Northwood, chief executive of industry body the Real Media Collective, said Coles' claim it was stopping production of catalogues due to environmental concerns was 'simply disingenuous,' and the shift to digital would disadvantage the 2.5 million Australians who have no internet connection at home.

"For every Coles customer spending 60 seconds browsing a digital catalogue they will emit 12g of CO2 compared to looking at a printed catalogue for a day and only emitting 0.5g of CO2," Ms Northwood said.

"All of Coles catalogues are made from a renewable resource, using bio-diverse and planted forestry principles, and the paper making process is powered by hydro-electricity – paper carries the highest environmental credentials over e-waste and CO2 powered digital streaming."

Ms Northwood said the impact on jobs should also be a concern, especially when supermarkets have made record profits from the pandemic.

"Digital media channels reduce local employment and contribution to local economies, and regional economies will suffer the most with major employment for paper manufacture being within Maryvale, Victoria and Boyer, Tasmania," she said.

Sue Mitchell is a senior Companies reporter and writes about retail, consumer products and fast-moving consumer goods. Connect with Sue on [Twitter](#). Email Sue at suemitchell@afr.com



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